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HOME REPAIR AND RENOVATION

PROBLEMS & PROSPECTS IN THE INDUSTRY

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The views presented in this paper are those of the authors and do not necessarily reflect the views or positions of the Department of C.C.A.

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FORWARD

As well as a review of the literature, an important aspect of the research involved in producing this report included conducting discussions with knowledgeable practitioners involved either directly or indirectly in the home renovations and repair field. Although the discussions were conducted in Ontario, several represented organizations of a national character and/or had knowledge and experience of renovation and repair activity from across Canada. Information, opinion and comment were not transcribed in a manner to permit specific referencing, i.e., discussions were not conducted pursuant to a specific interview format.

As I think the report illustrates, there was not unanimous agreement on all the issues, however, I trust the report reflects in part the insights and concerns expressed by the discussants. It must also be kept in mind that individual opinions were also tempered by not only the opinions of other discussants but, as well, by the literature review conducted in the execution of this undertaking.

In addition, the Building Towards 2001 International Forum on new approaches to housing renewal and energy conservation brought together a Canada-wide and international group of housing practitioners. Although the author was unable to attend all the sessions, audio transcriptions were obtained and used in the production of this report. Appendix I provides a list of sessions and names of participants.

Introduction

The objective of this brief report is to provide a general overview of the problems and prospects for the home repair and renovation industry in Canada.

A number of forces acting in the housing market in Canada have precipitated changes in this sector over the last few years and will determine the nature of the housing industry, and inevitably, the structure and process of our residential environments in the future.

The housing industry in Canada has in the recent past demonstrated its ability to respond to the demands within the marketplace with considerable competency. Given adequate conditions there is little doubt that the housing industry will perform equally as well in the future. The environment within which this industry functions has and is changing rapidly, and this report is an attempt to review some of the critical environmental factors that will, to a significant extent, determine the degree of success attainable by that sub-section of the housing industry usually referred to as home repair and renovation. These factors are defined within Canada by the nature of the industry itself, the public sector and the consumer of the product or service rendered.

The factors discussed below are not rigorously categorized nor are they exhaustive. They are though, reflective of the concerns expressed in the literature to date and pursuant to discussions conducted of knowledgeable housing practitioners. They should be viewed as interdependent in nature; they cannot be considered in isolation. They should be seen within a mutually causal paradigm where change in these factors perpetrates and precipitates changes in another in a dynamic process.

It is also important to note that no attempt has been made to prioritize the factors discussed. This is not to suggest that there is no possible rank ordering of importance but such an ordering would differ depending on locality and user, i.e., a banker in Toronto might rank a factor quite differently than a renovator in Vancouver or a consumer in Montreal.

As in the case in many private and most public decision making, the process of rank ordering is no mean task. Just as most policies and programs have a multitude of simultaneous effects so too does the ordering of the factors which influence a decision. Beyond the substantive policy or program area also loom the jurisdiction aspects of a decision, the short-term long-term implications and public relations and political considerations, to name a few. This is not to suggest that efforts should not be made to attempt prioritizing these factors but such an effort is well beyond the scope of this paper.

In addition, the nexus of the factors discussed are based on the considerable inflationary trends, rising energy costs and demographics which permeate the social and economic fabric of the times. If perspective is in essence the faculty of seeing all the relevant data in meaningful relationships, then there may be extreme danger in limiting any analysis to one section of the building industry, let alone to fine tuning one or two factors within it. There are dangers in limiting one's views to a short-time/space perspective in an effort to solve immediate local problems, only to find those efforts defeated by events occurring in the larger context. The casualties are usually the small businessmen and those consumers who are least resilient, the low income, the elderly . . .

Background

Since the first piece of sod slipped out from under a roof rafter, or the chinking crumbled between two horizontal logs, or since the expansion or contraction of household size, Canadians have been in the process of home repair, renovation and remodelling. In earlier times, most had the skills and there was the necessity to do what had to be done themselves. There were no codes, zoning regulations or government incentive programs, no one to tell Canadians about their increased real estate value or neighbourhood improvement, no worry about increased assessment, no aluminum siding or vinyl eavestrough or ureaformeldahyde foam insulation.

But over time, pursuant to industrial and urban development, our human settlements grew in size and complexity. Unsatisfactory residential living environments and tragic events resulted in the necessary regulations to ensure greater safety and security. Specialization, rapid urban growth, as well as the use of new materials and the skills to use them propertly lead to development of the complex industry of housing construction. The product was an extremely durable, indivisible, heterogeneous entity which provided the consumer with one of their basic needs: shelter. Types of accommodation took on a wide variety of forms such as single family detached, semi-detached, duplexes, quadraplexes, row housings and apartments, to name a few. To further satisfy the needs of disparate groups of consumers, a variety of forms of occupancy developed. At first, individual ownership and rental, more recently co-operative ownership and condominium or strata title.

The greatest expansion of the housing stock in Canada occurred since the Second World War. It is this period that we will now summarize briefly. In it are the roots of many of the problems confronted by the housing repair and renovation industry today.

Settlement patterns are the by-products of settlement process which has been closely bound up with the centralist tendency of our relatively recent economic development. Where housing is concerned activity is related through a series of trade-offs between accessibility and quantity of space. The flow of population to the suburbs after the war was limited only by what was considered a comfortable commuting distance from home to work. There are also the "anti-nucleation" arguments further supporting the view that ubiquitous mobility and telecommunications released us from the earlier conventional focus of city organization but that freedom of mobility has been a destructive influence (Carver).

However, within the last ten years transportation criteria of cost, comfort and convenience along with a number of demographic and economic realities have turned an increasing number back to the city centre, to older and more centralized neighbourhoods with older housing stock.

From the post-war period to the 1970's while the suburban process was most dramatic a countervailing force to horizontal residential development on the fringe was the vertical development in and close to the core. Although the high rise boom produced a significant number of housing units by the mid-1970's, vigorous resistance to them developed based on concerns about neighbourhood destruction. In addition, public policies encouraging home ownership and discouraging investment by the private sector in rental housing also influenced the market.

The housing industry responded to the post-war demands and in the process was itself altered. Before World War II the housing industry was dominated by small firms. The post-war period saw very large builder-developers and contractors responsible for the production of much of the new housing stock. In 1951, the total housing stock in Canada was 3,522,102 and by 1976 the stock increased by about four million units to 7,550,900 (CHS, 1980).

During the earlier post-war period little attention was paid to housing rehabilitation. Rather building and development activity outside of new residential construction was primarily focused on the demolition and rebuilding of slums and blighted areas. Increased discontent grew with the concentration of efforts on redevelopment and renewal. There was also a developing desire to maintain older neighbourhoods in the cities and deter the increased growth of high rise apartment buildings and the type of living which these implied. A rising concern for the social aspects of the 'neighbourhood' in deteriorated areas was also evident and the economic reasons for housing rehabilitation were that it was cheaper to fix up existing homes rather than tear them down and build anew. These considerations were to be reflected by the early rehabilitation programs of the federal government (RRAP and NIP) and in later provincial programs.

The upgrading and maintenance of the existing stock has traditionally been a lower priority than new housing production despite the fact that "the repair and modernization of existing homes" has been one of the stated objectives of the NHA since 1944. A number of factors during the first three post-war decades contributed to the emphasis on new house construction. The dramatic increase in family household formation, increased mobility, affluence, physical deterioration and obsolescence of existing stock all resulted in existing neighbourhoods and housing units becoming less desirable. Concurrently, the provision of high ratio mortgages along with the tax benefits of selling one's principle place of residence further contributed to the move to the suburbs and the purchase of new homes. The resulting vacating of the

older units meant that lower income households moved into this stock. The process is often called "filtering" and means that housing which has served one group of the population is handed down to another group. Lower income households it is often observed, live in obsolescent dwellings originally constructed for a higher income group (Smith). The existence of "filtering" led to proposals for more emphasis on housing programs for the middle income families (such as small interest subsidies on mortgages) since simultaneously with the filtering process this would benefit both middle and lower income households. Whether such a filtering strategy was more effective than programs providing housing assistance directly to the low income is still a question particularly when considering issues of extent and speed of the process (Linamood, Hanna). Also, there is no reason why the process could not work in reverse (Smith). In a sense, that is what is occurring today. The present demographic consequences of renovation are contrary to traditional concepts of inner city residential integration. The new middle class population is transient and upwardly mobile. There is no filtering down of their housing ... the locational amenity of the neighbourhood will not depreciate (Frenette).

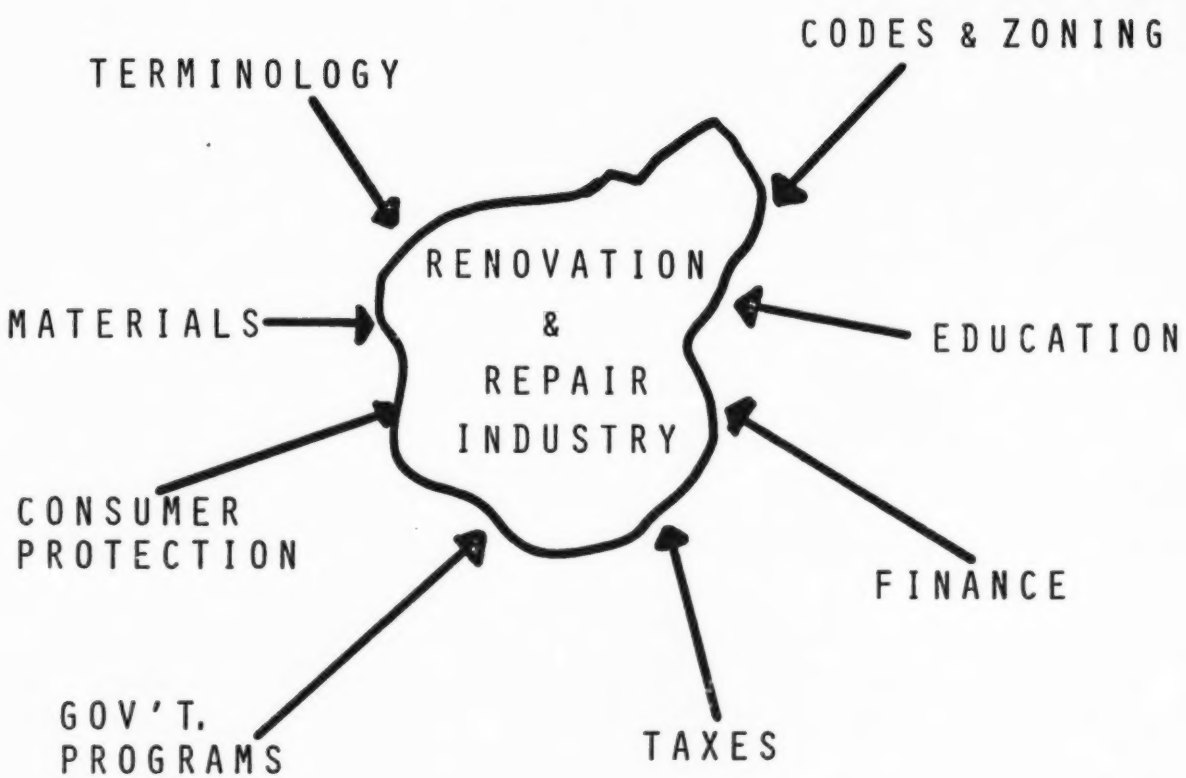
In the past, sections of inner city residential neighbourhoods were absorbed by expanding C.B.D. or distorted by their proximity. Units were deteriorating since the uncertain future of the areas was a disincentive to improvement. Neighbourhoods were spotted with properties left vacant by the demolition of houses, incomes were low and a significant number of houses were owned by absentee landlords using the houses as cheap investments and who were loathe to reduce profits by doing necessary repairs.

Programs such as the Neighbourhood Improvement Program grew largely from the negative response of the urban renewal activity of the sixties. Housing rehabilitation programs were also responses to problems and expenses

experienced in relocating low income families and a changing emphasis on conservation as opposed to demolition (Carlson). Although these social programs began almost ten years ago and only represent a small fraction of the potential for home repair and renovation, they are the base experience of any extensive effort in this area.

The present extent and potential of home renovation and repair, however, is on quite a different scale. The forces that are bringing people back to the city centres, the need to repair generally an aging housing stock and the concern about energy conservation all contribute to a massive potential for this once relatively small sector of the residential building industry.

FACTORS AFFECTING THE RENOVATION AND REPAIR INDUSTRY



TERMINOLOGY

Within the industry that some term the "reno-trade", is a profusion of descriptive and prescriptive terms that have caused a considerable amount of confusion. Many of the terms used end up being defined by each other which not only results in vagueness but misunderstanding about the industry. The logistics of some of the rhetoric are prejorative (white-painting has a negative connotation to many) while other terms overlap one another considerably. Figure 1 promulgated by Andrew Wilson of the Division of Building Research N.R.C. clearly indicates the extent of the terms presently being used about the activity in the reno-trade industry. He has suggested that there is a critical need to prepare a glossary of terms that should be used consistently and that the benefits of doing this are likely to be significant (Wilson).

The Housing Renovation and Energy Conservation Unit of the Ontario Ministry of Municipal Affairs and Housing drafted a proposed glossary of terms in October of 1981 (see Appendix II). Renovation is defined as an umbrella term for the replanning and improvement of existing buildings beyond rehabilitation and which may include a change in capacity or occupancy, while repair is specifically the replacing or correcting broken, damaged or faulty elements of a building.

A generally accepted terminology will permit a clearer understanding for those working both directly within the industry and for those having to deal to varying degrees with industry. It will, needless to say, assist those involved with lending, zoning, planning, building code enforcement, education, warranties and a large number of professionals. In addition, an accepted terminology will facilitate the preparation of data which will be more accurate and specific than those now available.

FIGURE 1

Terms Used in The "Reno-Trade"[1]

ADAPT	REBUILD	STABILIZE
ADD	RECONSTRUCT	THERMOFIT
ALTER	RECONVERT	UPGRADE
CONSERVE	RECYCLE	WHITE PAINT
CONVERT	REDEVELOP	
DECONVERT	REFURBISH	
DEMOLISH	REHABILITATE	
DEVELOP	REMODEL	
GENTRIFY	RENEW	
HERITAGE	RENOVATE	
IMPROVE	REPAIR	
INFILL	RESTORE	
MAINTAIN	RETROFIT	
MODERNIZE	REUSE	
PRESERVE	REVITALIZE	

[1] Wilson, Andrew. Paper presented "Building Towards 2001", Nov. 1981.

I FINANCING

The problem of definition exists in all areas of the home repair and renovation industry and consideration of the financial sector is no exception. There are three distinct categories that can be made of the renovation sector; the developer-renovator, the contract-renovator and the do-it-yourselfer. Each of these categories has distinct characteristics which influence, to varying degrees, the attitudes of the lending institutions.

Interviews with the management of various financial institutions indicated generally a consensus in this area that financial assistance for residential rehabilitation is available for individual homeowners, but much greater hesitancy was expressed regarding availability of financing for developer renovators.

Estimates of the proportion of consumer loans that are intended for home repair and renovation range from 10% to 50%. One bank actually advertises to promote application for loans for this purpose. This bank provides a counselling service for clients and information on contractors, potential risks and important questions to ask.

Property owner personal loans tend to be in the form of a second mortgage (there are limits) with a lien on the property as collateral. Criteria for providing these loans is the same as for any other purpose: 1) the individual's ability and intention to pay back the loan, and 2) the marketability of his security. Stated another way, loans are approved if the property is structurally sound and the mortgagee is financially stable .

For the developer-renovator in the larger centres and with good track records, financing is also available. In Toronto, for example, lenders in certain areas have regarded this activity as a fairly good investment. Here the potential lenders look at the houses, the specification drawings and the potential market. If these are satisfactory, the renovator receives

the mortgage (Rebizant and Whitaker). Although the financing may be available, the money is generally quite costly.

Two forms of mortgages are possible through the services of a real estate agent: bridge financing, until the renovations are completed or vendor take-back mortgage (VTB), where the vendor will take out a mortgage on the house then sell it to the purchaser who then obtains the cash by selling the mortgage to a mortgage broker (Frenette). These methods are costly and add substantially to the inflating prices of the units.

The vice-president of one trust company clearly expressed the positive attitudes of lenders stating that the economic viability of renovated buildings has been proven and that in his opinion there was a growing acceptance of the renovation industry. Also, since new housing mortgage financing will be curtailed by lessening demand, this will afford an even better opportunity in the future for the renovation industry. Notwithstanding the above, he did elaborate on what he considered to be the prudent practice of lending on residential renovation. First, careful and realistic evaluation of the property must be undertaken, projects should be approached in a similar manner (although not completely) to new home lending: place emphasis on the locational strength of the property, be conservative in estimating interim draws and look for equity.

There is a definite shortage of financial assistance for developer-renovators, however, and particularly for the smaller, less sophisticated operations. Reasons given for this vary depending on whether the financial institutions or the contractors are consulted. One manager stated that the lack of loans resulted from strict regulations which hold the financial institution responsible for the work done by the contractor. Providing equity involves becoming the trustee of funds to all those involved including guarantee of payment to sub-contractors. The wide range of companies involved in this

industry makes it extremely difficult to ascertain which contractors are reputable and reliable. One executive of a Canadian mortgage company summed up the hesitancy of lenders saying it was a new and different market, it was too speculative in nature, there was a lack of strong financial substance of renovators and the bad experiences in the past all contributed to the lenders' conservative response.

From the perspective of a small developer-renovator, it was suggested that a small renovator should have extra capital set aside for emergencies and/or establish a limited partnership. A good working relationship with several lending institutions is ideal. It has been suggested that showing a representative from the lending institutions one or more of one's finished projects is a good idea and paves the way to one's next investments (Gaitens).

Determining the property potential is critical to success. The property should have a sturdy shell in which to do the renovating or remodeling and, preferably, some features that can be incorporated into the finished product, e.g., a good furnace or perhaps a restorable staircase. The structure should have a workable floor plan and it should be capable of assuming some "character" from the work.

If one is a developer-renovator determining the potential profit is also critical. The advantages and disadvantages of each improvement must be weighed carefully to determine if it will carry its share of the load. Blending in with the neighbourhood is also another important consideration. A structure that is greatly dissimilar from other units in the area could negatively affect the marketability of the property (Gaitens). There is also the need to establish an account with building supply centres in the area. Getting on a mailing list which supply materials and prices will be of assistance in estimating costs, will reduce travel time to project(s), due to the "spotty" nature of work, and facilitate receiving discounts on needed materials.

Some experts outside of the financial institutions tended to blame the resistance of loaning funds to renovators on a lack of understanding of the industry. The president of one rehabilitation construction company mentioned conservative policies, high interest rates and resultant cautiousness of the institutions, plus a view that the renovation industry is young and therefore risky. One Federal government official cites problems such as a prevailing attitude which favours new construction as an investment and a lack of appraisal experience resulting in difficulties in estimating the future property value following renovations.

The appraiser is asked to appraise residential properties under circumstances which present unique problems even to the most experienced.

Not all neighbourhoods are suitable for revitalization. Consequently, the appraiser is required to consider those factors which make the unit(s) feasible for rehabilitation. Among the most important factors are the age of the neighbourhood, the architectural style and soundness of units, location and the stage of the neighbourhood revitalization at the time of appraisal (Gaines). These factors will influence the traditional approach to determining value.

The traditional "cost approach" and the "income approach" present real drawbacks. The market data approach Gaines feels renders the best estimate of the market value but it is an approach which requires experience and care since the appraiser must identify and define comparability. As well, timing is an important consideration. Where little previous activity has occurred, this may complicate the process significantly (Gaines).

One difficult question is, how extensive must renovation activity be in an area before financial institutions are of a favourable disposition to lend?

There also is the question of pre-renovation and post-renovation appraisal. Depending on the intended fate of the property, financing may be required at one time or another or at both. Market value may be affected by timing, desirability of the property in the market for renovated houses and the type of financing available.

The attitudes regarding financing for the residential renovation sector, although appearing to be extremely disparate, seem to vary based on four considerations: the track record of the renovator and his developed links with the lending community, the size of the community, the extent of renovation activity in the area and the previous experience of the lenders with the industry.

With reference to the financial issues faced by renovators, one particular problem affects the homeowner either doing the work himself or using a contract renovator. Presently, most lending institutions have a $10,000 minimum for consideration as a mortgage. Consequently, a consumer undertaking renovation work of less than $10,000 is required to use the instrument of a consumer loan which commands a higher interest rate. Two quite different concerns have been expressed by the developer-renovator regarding financing. First, when building a new house the lender advances money as the work progresses (progress advances). This is not the case in the financing of much of the developer-renovation process and consequently the renovator must borrow from the bank as an individual to make payments for sub-contractors and materials. This is more expensive and adds to an increase in the final asking price of the house. Several developer-builders

made the point that gutting an older property adds value to it. Although this at first sounds anomalous another developer-builder agreed, stating that he would be prepared to buy a gutted house in preference to one not yet started since the gutting process is one of the most time consuming and expensive activities in the renovation process. This is an example where lenders should be educated more about the process of renovation. Secondly, in many cases, the developer-renovator must take back a mortgage to sell the house (VTB) and then sell this mortgage at a discounted rate to get "cash in hand" to continue in business. This either adds to the final selling price of the house or reduces the profits to the developer-builder. In both the above situations, the developer-renovator sees the policies of the lending institutions as obstacles to the viability of the industry.

Two other considerations with regard to financing were brought up by renovator-developers and lenders, warranty programs and mortgage insurance. Both of these would in the opinion of some contribute to the greater confidence on the part of the lender. The former would add to the "respectability" of the industry and provide a standard for work done: the latter would possibly prepare lenders to make progress advances to renovators. One mortgage insurer stated that they would be receptive but to date there has been little demand.

Although no homogeneous attitude emerged from a review of the literature nor from the interviews, one can say there is a growing attitude of acceptability by the lending institutions regarding the renovation industry. The annual expenditure on renovation and repair is presently well in excess of $5.0 billion

and it has been growing steadily over the past few years. If this level of activity is to be sustained or allowed to grow, considerable amounts of private capital will be needed. Both the renovation industry and the public sector will be required to continue their efforts to attract the necessary financial resources by increasing the confidence in and respectability of the industry as well as providing a secure climate for consumers. This will necessitate a co-ordinated effort to effect change relating to matters such as education, codes and zoning regulations, taxes, consumer protection, material standards and the potential adverse affects on low income households.

GOVERNMENT PROGRAMS

At the federal level there has been in place an insured lending program for home repair and renovation since the 1937 Home Improvement Loans Guarantee Act. The present program has been active since 1955 and although attractive in its earlier years it presently appeals to only a small number of consumers (Figure 1).

A number of factors combined offer a possible explanation of this: 1) There has been a dramatic increase in the equity of houses in the last ten years and consumers have little difficulty in arranging mortgages (either seconds or renegotiated firsts) to undertake repairs and renovations; 2) The maximum up until 1979 for the program was $4,000[1]; 3) Since the availability of high ratio mortgages in the mid-fifties and the attractiveness of new houses in the suburbs many consumers with the financial resources to undertake renovations chose to move into new units; and 4) The NHA amended in 1969 to permit insured high ratio mortgages on existing housing with the provision that the lending value of the property may include the cost of the improvements (Willson). Finally, more recent federal and provincial programs both for moderate and low income homeowners as well as landlords have proven to be more attractive. Between 1973 and 1980, under the Residential Rehabilitation Assistance Program (RRAP), over 100,000 housing units have been renovated or repaired. In 1979 and 1980, $120 million and $121 million respectively were approved for the purpose of providing assistance to lower income households (CHS, 1979, 1980). In Ontario, the Ontario Home Renewal Program (OHRP) between 1974 and 1980 approved $119.5 million to low income homeowners for home repair and renovation.

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[1] Since 1980, a home improvement loan of more than $5,000 but less than $10,000 no longer needs to be secured by a mortgage.

In many provinces programs have been put in place to provide assistance to lower income households (see Figure 2). These programs are a response to the fact that a significant number of households are not capable financially of undertaking renovation and repair work. In major metropolitan areas, 82% of all substandard rental units and 63% of all substandard homeowner units, according to the 1974 CMHC Survey of Housing Units, were occupied by households earning less than $15,000 per year[1]. As well as achieving the social goal of providing assistance for those in greatest need, these programs have and will contribute to the development of renovation and repair skills, create jobs, encourage renovation activity on a broader scale and consequently encourage the development of the industry.

One of the major problems arising out of both the private and public renovation and repair activity may be the displacement of low income renters. This could result in extreme hardship for these households and place considerable pressure for additional low rental stock. To a degree, the provision of assistance to the non-profit and co-operative sector can ameliorate this but that sector's capability must be carefully assessed and the necessary institutional support provided.

The renovation of housing in working-class neighbourhoods by developer-renovators and the consequent displacement of low-income families by higher income homeowners is usually termed "whitepainting" (Frenette). This process varies considerably from city to city in Canada but whitepainting and the provision of housing for lower income households is not necessarily mutually exclusive. Government programs and policies should therefore encourage whitepainting in those areas where it is clearly beneficial and protect those areas which are particularly suitable for rehabilitation or development for low-income housing (Frenette).

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[1] The percentages would be even higher if calculations were based on all housing stock.

FIGURE 1

Home Improvement Loans Approved Under the National Housing Act

Canada, by Area, 1955-1980, CHS, Table 29

Period	Units	$000
1955-1964	304,498	348,154
1965	22,136	35,589
1966	22,129	35,931
1967	19,665	35,247
1968	12,961	23,869
1969	11,572	22,131
1970	8,551	16,852
1971	9,010	19,019
1972	9,573	19,039
1973	7,558	16,225
1974	7,724	18,642
1975	6,597	15,780
1976	4,972	10,588
1977	2,729	8,080
1978	1,433	4,196
1979	1,936	3,835
1980	1,049	2,881
1955-1980	454,093	636,058

FIGURE 2

FEDERAL & PROVINCIAL HOUSING RENOVATION &

REPAIR ASSISTANCE PROGRAMS 1982

- Residential Rehabilitation Assistance Programs
- Canadian Home Insulation Programs
- Canadian Oil Substitution Programs

1.	Nova Scotia:	Senior Citizens Assistance Programs Emergency Repair Programs Small Loans Assistance Programs
2.	New Brunswick:	Supplementary Assistance to RRAP Home Improvement Assistance Program Home Improvement Loan
3.	Prince Edward Island:	Essential Home Repair Program Home Improvement Manpower Support Programs
4.	Quebec:	Supplementary Assistance to RRAP
5.	Ontario:	Ontario Home Renewal Programs
6.	Manitoba:	Critical Home Repair Programs
7.	Saskatchewan:	Residential Rehabilitation Program Senior Citizens Home Repair Program Supplementary Assistance to RRAP
8.	Alberta:	Farm Home Lending Programs Pioneer Repair Programs Rural Home Assistance Programs Metis Housing Program Senior Citizens Home Repair Program

There appeared to be some confusion with reference to the government's role in repair and renovation. There is a federal program, a provincial program and sometimes a third municipal program operating in many areas. Different administrations and loan/grant procedures complicate the situation for all parties involved. Communication problems often develop and it has been proposed that property standards officials could act as liaisons between consumers and contractors to facilitate the interaction and provide advice. Some contractors felt that an additional actor would only worsen the communication problems while one renovation contractor avoids government rehabilitation programs because of the "red tape" and low profits.

It was noted that the government is not involved in licensing renovators which is a practice that would, in the opinion of some, potentially allow more quality control in the industry. Some contractors complain of handymen who cut prices by underbidding, then do a poor job, thus tarnishing the reputation of all renovators. Many handymen dispense with building permits and hence inspections (Zwick). Unanimity does not exist throughout the industry and some concern was expressed about who would do the licensing, the cost and the red tape.

Government could assume the responsibility for licensing or delegate it to a body within the industry. This interventionist regulation, however, does not necessarily insure quality work. It may also exclude many involved in seasonal employment, for example, who perform quality renovation work to supplement their incomes. The delivery of government repair and renovation programs could provide the environment within which a variety of regulatory mechanisms may be researched from the perspective of administration, consumer satisfaction and cost.

Programs designed at senior levels of government, where the funding is controlled, need to be tested and monitored more extensively at the point of delivery. In addition, the low priority given to rehabilitation by some municipalities means that municipal funds are unlikely to be used to supplement these programs. More sophisticated methods must be developed to determine rehabilitation needs, the most efficient delivery mechanisms and a better understanding of the kind of financial resources needed to implement adequate programs for rehabilitation.

The Ontario Association of Property Standards Officials recently concluded that the more programs there are on the market, the less will be the effectiveness of each because of competing priorities at the senior levels of government and the multiplicity of delivery mechanisms and financing options at the municipal or delivery point of the program. The program integration process presently at the municipal level causes unnecessary administrative delays and increases costs. It also provides the opportunities for double financing of components in various programs. All municipal personnel who have been connected in any way with the various rehabilitation programs will testify to the need for one program for rehabilitation, improvements, conversions, etc. (OAPSO)

The recent joint task force by the Canadian Association of Housing and Renewal Officials and Canada Mortgage and Housing Corporation on the Residential Rehabilitation Assistance Program provides commentary from all parts of Canada on the effectiveness of this major federal program. As discussed above, it is this kind of evaluation of longer running programs that will provide the experience for a better understanding of the factors affecting the renovation and repair process, in general, and provide specific direction for program improvements (see Appendices III & IV).

STANDARDS AND CODES

Much of our present city scapes have been built at times when current regulations were not applicable and consequently the housing structures and neighbourhood form differ significantly from newer residential areas. While most zoning by-laws have special provisions for conversions and non-conforming uses, they are often unclear (Nathwaui). Planners should, in the opinion of some, facilitate the work being done by the renovation industry by adapting zoning regulations. However, the professional planner as an employee of local government must be responsive to public attitudes ranging from problems of increased density, available services, parking, safety, levels of growth, privacy -- to name only a few. In addition, planning problems vary widely throughout Canada as cities experience variable growth rates, differing public attitudes, types of stock and demographics. For example, a city like Vancouver has been experiencing dramatic growth over the past ten years, has unique locational characteristics, has a housing stock of about 160,000 units (½ SFD and ½ apartments, very few town or row houses), the older stock is primarily wood frame and this older stock in relative terms is not that old. A city like Quebec has quite different growth pressures and locational characteristics. Its housing stock is considerably older and materials and housing type differ to those of Vancouver.

Expanding renovation and repair activity in older neighbourhoods is also resulting in pressure for changes to city zoning by-laws consequent to the increase in time and money spent in appealing for changes to local committees of adjustment.

In general, responses from representatives of the industry on the issue of both zoning standards and codes were rather critical. It was stated that building codes represent one of the largest stumbling blocks and cause of delay in the renovation industry. Rehabilitating to standards and specifications of a code intended for new construction leads to unnecessary alterations and increased costs. A need for a simpler and more appropriate building code to apply to renovations was expressed repeatedly. These standards should be flexible to allow innovation and a reasonable degree of trade-offs to control unnecessary expenses.

Since the building code involves "motherhood" issues of health and safety, it is difficult to change. Amended guidelines have been proposed and organizations like the Ontario Association of Property Standards Officials (OAPSO) have commented on them. They suggest that the original intent of the Ontario Building Code should be respected but since there is no uniformity in rehabilitation cases, the standards must be general and discretionary. Final authority to interpret the various codes and by-laws should be given to a Chief Building Official in the municipality.

Another concern is the lack of initiative on the part of municipalities which do not establish or enforce a permanent Minimum Occupancy Standards By-law. Although required by RRAP and OHRP, enforcement of such a by-law is often discontinued after funding has been received. Although the two housing initiatives of a comprehensive building code, which realizes the need for a minimum level of "life safety" and housing rehabilitation, realizing the need to improve our existing stock have been arrived at via quite different historical paths they can emerge as compatible initiatives. With careful examination and co-ordination they can be integrated into an effective property improvement strategy (Nolon).

In spite of the general dissatisfaction expressed by both members of the industry and government officials, there was an awareness and appreciation that efforts were being made to ameliorate the hardships being experienced by the industry and individual consumers.

The existence and enforcement of local planning and zoning legislation can also affect the satisfaction of members of the community generally. The cycle of abandonment of buildings in older communities, their demolition and non-replacement means a loss of people in the community and a loss of taxable assessment. In some cases, the time between the abandonment and demolition of buildings in a community may be several years and as such it poses not only a blight in a neighbourhood but also a liability to public safety. This was seen as a significant problem in areas where there is no incentive to property owners to improve or maintain buildings or where the enforcement of existing zoning is lax. As well, the method by which demolishing a building can be used as a tax write-off means that this will be done at a time that is in the best interest of the owner and not of the community as a whole.

Where there are vacant buildings or lots in a residential neighbourhood a possible option is in-fill. This is seen in a positive way by municipalities as it makes use of existing hard and soft services. However, the process of construction in existing residential neighbourhoods may be objectionable to some residents.

A more extensive in-fill process in some neighbourhoods may take the form of "lot duplexing" where lots in existing low density residential neighbourhoods are subdivided permitting greater density. The benefits

to local governments may be realized by increased taxes, better use of existing infrastructure including roads, sewers, schools and public transit and this would benefit existing residents in the form of reduced taxes. In addition, the sale of the subdivided lot will provide a considerable financial benefit to homeowners. In a time of rapidly rising home occupancy costs, this may be extremely attractive.

TAXES

In the area of property taxation several respondents expressed the view that tax regulations are not a significant disincentive to homeowners contemplating rehabilitation. More accurately, people simply avoid obtaining a building permit which, aside from alerting the Assessment Office, is a costly and time consuming process. If no permit is obtained, the improvement is likely to be discovered during the next major assessment and the homeowner will be taxed retroactively. At present, however, houses in many areas have not been reassessed for many years so this may not be a major concern of consumers. One property standards official estimated that approximately 50% of the work carried out for renovation was not reported to municipalities.

Although more extensive tax exemptions on home improvements have been suggested as an incentive to rehabilitate (Philip - Ontario private member's bill), there seemed to be a more general attitude that such a program would have a minimal effect on the volume of home repair undertaken.

However, the proponent of the Ontario private member's bill has argued that not only would the increased tax exemption encourage homeowners to improve their property, but it may also stop many people from improving and repairing their homes without obtaining the necessary work permits.

It has also been suggested that a deferral period of several years for tax increases, pursuant to renovation or repair, be instituted as a means of encouraging homeowners. However, this would result in an erosion of the tax base and consequently less money for the municipality or the imposition of a disproportionate tax on other homeowners.

At the same time there is the situation where home owners have an interest in encouraging renovation and repair work in their neighbourhoods

since it increases property values. In the short term, this increases taxes within the neighbourhood but the longer term resale benefits may well offset such a liability.

The question of taxes and energy efficiency has also been discussed more frequently in recent years. Where energy efficient features of a home add to its assessed value, it is argued this constitutes a disincentive since it could offset the fuel savings. Consequently, it has been argued that there should be some exemption or deferral made but it is clear that this may be a complex and lengthy process (Stevenson).

Finally, in the area of property tax, one could view a form of tax abatement as a local subsidy program to encourage and assist in the repair and renovation of housing for lower income households. If used judiciously, part or full abatement can be a viable way to spur moderate-cost rehabilitation and make it financially feasible (Noonan). Although it may be seen by some as a forfeiture of revenues to a municipality, it can also be seen as a fiscal technique to affect repair and renovation that might not otherwise have occurred. In that sense, it could contribute to arresting the resultant displacement of low-income people who rent accommodation. As is the case in New York's Apartment Improvement Program, the tax abatement is often the local contribution to a project in the four-way partnership of property owners, tenants, financial institutions and the city.

CONSUMER PROTECTION

Interview questions regarding a possible "Warranty Plan" for renovation work met with a negative response from some contractors and real estate agents. One stated that it is impossible to guarantee an old or used product and that a superior approach would be to support a professional inspection service such as those existing in Britain and the United States. A consumer could then place an offer on a house, conditional on a favourable report from inspectors. At present, real estate agents are required to inform the buyer of any defects they are aware of in a home but this is not a guarantee.

In British Columbia, the Ministry of Consumer and Corporate Affairs and the B.C. Real Estate Association in 1978 undertook a voluntary program regarding disclosure by vendors relating to some aspects of existing houses. The one year trial program was not continued apparently because of a lack of interest by both vendors and consumers. In Ontario, another NDP bill (see Philips - Taxes) was introduced by Colin Issacs, "An Act to Provide Protection for the Buyers of Homes", December 1979. This proposal would also have required the vendor to provide a signed statement relating to some aspects of the quality of the house.

The basic problem with these kinds of proposals seems to be that they place considerable responsibility on the vendor who may be in no way competent to judge the quality of a consumer good as complex as a house. In the majority of cases, they would require that the vendor get expert advice to provide the security to the purchaser and, in the event of dishonest or incompetent advice, the purchaser would proceed with litigation against

the vendor who would then have to make a claim against the person(s) who provided him with the "expert" advice.

In addition, the perspective of some in the real estate industry was that a professional inspection service, which charge between $100-$300, cannot guarantee, for example, how long a furnace will last any better than a real estate agent (Davidson). In this situation, the only secure arrangement would be some sort of contract in the form of insurance specifically describing the amount and extent of the coverage. This could be extended to provide protection for both buyers and sellers and apply to unknown material defects in the basic structure and functional components of a house.

This type of insurance, in the form of existing-home warranty programs in the United States, is of two basic types -- inspection and non-inspection programs.

Inspection warranties are purchased by the seller (between $200-$500) often covering only items found in good repair by the inspector. Non-inspection warranties are somewhat cheaper and cover such things as plumbing, electrical, heating and cooling systems and built-in appliances. The consumer in both these arrangements must of course check the reputation and the plan of the company providing the warranty.

Renovation and repair complaints have risen considerably both to provincial ministries responsible for consumer affairs and to Better Business Bureaus (see Appendix V) which has resulted in increased pressure from politicans for more organization of the industry to protect consumers (Toft). Of course, it is argued that this is only a consequence of the dramatic increase in renovation and repair activity and that proportionately the increase just reflects this occurence. Nonetheless, renovation councils have grown from building associations

and HUDAC Ontario is presently working on a renovation warranty program. The President of the HUDAC Renovation Council sees the Council as a common meeting place for renovators and sub-trades and recommends that builders looking to starting into renovation work attend the Council's meetings to get to know what is happening in the industry and who is in it (Toft). Notwithstanding the cost, a warranty program would provide consumers and lenders with reassurance that they are not going to be burned (O'Brien).

Some potential problems in developing a warranty plan include decisions on what is to be included in the warranty and for how long. One contractor pointed to the astronomical fee increases to contractors since the implementation of the HUDAC New Home Warranty Plan. In his opinion, the substantial financial deficits of this program result from supporting bad contractors. It is argued that although some "tend to view builders as gangsters", the vast majority are skilled and reputable and must stand behind their work to stay in business. The onus is on the consumer to search out such builders rather than always choosing the contractor who gives the lowest estimate for the work. Another point was that the problem is much more prevalent in large cities so a nation-wide program would not provide benefits to residents of smaller centres, although they would still pay the costs. On the other hand, one contractor concluded that some type of program is necessary due to poor contractor selection by consumers.

Where many saw a problem was in the area of communications between either the client who because of lack of knowledge had unrealistic expectations or between renovation contractors and tradesmen which were indicative of poor communications and/or management skills.

MATERIALS

Some renovators do not consider the appropriateness, acceptance or safety of building materials as a major concern. As one contractor-renovator commented "once an adverse affect of a material is found, it is a matter of discontinuing its use". However, in some more specialized renovation work, such as "heritage conservation", there is difficulty in obtaining acceptable materials.

In situations where particular construction assemblies have been dropped from a building code or reference standard, this is not necessarily because they are undesirable but because they are no longer part of the current catalogue of construction materials or techniques. Construction elements of older buildings may, in fact, meet or even exceed performance levels provided by current construction. As materials and assemblies become obsolete (i.e., cast iron, early steel and concrete sections), they cease to be lised in new code editions. Once they have been deleted from the code, actors in the industry, such as architects and code officials, assume that they would not meet the standards given for new materials. Hence, they are often replaced with modern counterparts (N.B.S.). In many cases, this can increase renovation or repair costs considerably.

Recently, a number of new materials used in the construction industry have precipitated concern regarding the safety and health of both renovators and consumers. Included in this category would be ureaformaldehyde foam insulation (U.F.F.I.), aluminum wiring and asbestos materials. The use of these materials of course is not unique to the renovation and repair industry.

The most public concern at present is related to the use of U.F.F.I. as an insulation material. It became widely used in the 1970's pursuant to repair and renovation work being undertaken in an effort to increase the thermal efficiency of the older housing stock. The use of this material concurrent to efforts to reduce heat loss from air infiltration has resulted in additional concern about indoor air pollution. Although U.F.F.I. is now banned, its existence in 80,000 to 100,000 homes has resulted in widespread consumer dissatisfaction.

The extensive efforts of consumers to respond to the concern about rising home energy costs has meant that many home repairs and improvements involve energy conservation measures such as insulating, caulking and weather-stripping around windows and doors and installing double or triple glazed windows, etc. Each of these measures help to decrease energy losses in the home. As a result of these preventative measures, the number of air changes allowed in the house are decreased due to the increased air tightness. A low rate of air replenishment causes the unit to trap and build up a heavy concentration of in-house pollutants. Some houses are so tightly insulated that the air exchange rate is decreased by 75% (Globe and Mail).

This issue of good health versus energy conservation is far from being proven conclusive and may have created needless worry among householders. It is unfortunate that indoor air pollution problems have implications possibly superceding the energy crisis. It would be even more unfortunate if indoor pollution resulted in neglecting energy conservation.

Clearly, more research is needed to define the extent of the problems and determine solutions. We need answers to such questions as a) how

chemical concentrations can be minimized by selecting alternative building materials, b) what architectural parameters could be optimized to design structures for minimum chemical concentrations, and c) are changes in chemical levels due mainly to changes in ventilation or other extraneous factors such as temperature, atmospheric pressure, humidity, etc? (Dickenson, Garfield)

EDUCATION

Since the surge of interest in renovation is a relatively recent phenomenon, the issue of education and information dissemination arises frequently in discussions of the needs of the industry. Comments from interviews and presentations by experts in the field indicate a number of areas in which education should be a priority. Consumers need to be aware of their responsibility to shop around and ascertain that they are purchasing quality goods and services rather than simply opting for the cheapest bid. Homeowners should also be informed about the health and safety reasons for building permits and enforcement of by-laws and provided with facts regarding property taxes in relation to home improvements. This would involve Assessment Offices in the educational process.

The employees of the Assessment Offices may require additional training themselves. Education and certification of building officials has been defined as a prime ingredient for uniformity of enforcement of standards. In many cases, the municipal officials' experience and training relate primarily to new construction rather than to older building technology. Areas that these officials should receive training in include construction, technological, administrative and communication skills, but incentives for staff to improve their skills tend to be insufficient (see Appendix VI).

The urgent need for contractors specifically trained in renovation techniques is a frequently recurring issue in discussion. This indicates that the provision of adequate educational programs could be an effective means of improving the industry without erecting barriers to entry into the industry (Clark). There is, however, wide variation in perceptions of the degree of difference between skills necessary for new construction and those required

in renovation work. Regardless, it is generally agreed that contractors need to be able to make complex decisions and judgements because of the uniqueness of each rehabilitation project. Skills in business practices, time management, sales and marketing are essential for success in contracting, plus there is a need for greater awareness of the law, insurance and public relations (Clark). Small operations require a "jack-of-all-trades" so training courses should cover a variety of construction skills and avoid overspecialization.

One final group that could potentially benefit from training in this field are real estate agents. There is debate over whether agents need a knowledge of construction, standards and financing or if they should concentrate on sales and communication skills while agency management provides information relating to other concerns.

Although the educational programs are rather limited in number, there is a range from formal courses offered at various institutions to campaigns aimed at merely increasing the awareness of consumers. Community colleges offer courses in certain trades and construction, as well as in business administration, finance, accounting, marketing and retail management, but very few courses designed specifically for those interested in home repairs and renovation are available (Swick).

One exception to this general situation is the "Historical Structures, Restoration and Preservation Technology" program at St. Lawrence College, Brockville which covers a broad base of expertise relating to the fields of surveying, extant recording, drafting, construction supervision and recording. This unique program is aimed at producing graduates to take on the role of supervisor on a restoration construction site and help bridge the gap between the architect or engineer and the skilled labourers.

Centennial College in Ontario offers a number of courses relevant to renovation. There is a series of home study courses designed to help residential insulation contractors pass exams set by the Canadian General Standards Board and become certified to obtain contracts under CHIP. Two courses for homeowners cover simple household maintenance and repair jobs plus information on renovation, remodelling and home improvement, including the hiring of tradespeople.

In summary, the offerings at formal education institutions are severely limited in the field of renovation but the potential is there and the number of courses may grow as the need is recognized.

The major educational programs have been outside these institutions and have assumed a variety of forms. The most common approach to informing the general public appears to be through brochures containing simple, practical information. Topics covered include: choosing and working with a contractor (Toronto Homebuilders Association), hints for do-it-yourself home improvements and avoiding common problems associated with home repairs (Ministry of Consumer and Commercial Relations, Ontario). Another powerful medium, television, was utilized by the Ministry of Consumer and Commercial Relations in 1980 and 1981 in an educational campaign called Consumer Skills. A series of booklets were distributed as a follow-up to the commercials and the basic message of this preventative education package is to get consumers to think before they contract for home repairs, to shop around, to get quotes in writing, to read them carefully and to remember that good work costs money.

Although the Province of Ontario has produced the most extensive consumer information/education thrust, a considerable amount of information has been published and disseminated by the provinces in an effort to inform the public on matters relating to home repair and renovation.

Governments have also been involved in sponsoring and organizing seminars, workshops, training courses and symposia on topics relevant to many sectors of the renovation industry. CMHC sponsored a seminar at the University of Toronto on Design Construction and Renovation of Houses and has developed a series of housing rehabilitation skills training courses such as Inspecting Dwellings for Rehabilitation and an Introduction to Specification Writing which is currently underway. These courses are designed for building inspectors, property standards officers, contractors, property managers and others involved in rehabilitation and are aimed at developing the skills needed to address the varied and unique problems presented by renovation projects.

In Ontario, the Ministry of Municipal Affairs and Housing has conducted public forums and workshops on renewal issues, often in co-operation with other actors such as the Ministry of Energy and HUDAC. Other educational activities of the Ministry of Municipal Affairs and Housing include organizing university lectures, seminars with private sector groups, developing training programs with Ontario Association of P.S.O.'s and assisting the CGSB with the certification program.

The private sector has also been involved in the thrust for more educational programs. For example, in Toronto, the School of Home Improvements offers one day courses on do-it-yourself repairs and improvements such as painting, wallpapering, texture spraying, tiling and electrical wiring. More extensive courses for those wishing to enter the business cover drywall

taping, painting and wallpapering, textured and ornamental ceilings. Also, individuals like Michael Hammer from St. Catharines, Ontario has for the past several years put on informal education and training demonstrations at conferences, shopping malls, set up workshops and made a considerable number of appearances on radio and television relating to home repair, renovation and housing energy retrofits.

These last few examples draw attention to a major problem with the present educational programs. They are usually available only in large centres and are therefore inaccessible to many people. Government programs are designed to be better distributed but there is still a gap between the information being provided and what the people involved in the renovation industry need to know.

In summary, educational programs should be aimed at:

1) the homeowner who is considering do-it-yourself repairs or hiring a contractor,
2) the contractor who needs skills in renovation construction and in business, and
3) the government officials involved in program delivery, regulation and enforcement and interactions with consumers and industry.

At present, private and government sectors, plus educational institutions are involved in the provision of training and information but the resultant programs and activities are insufficient. The industry cannot develop to its full potential when plagued with deficiencies of training, experience, communication and awareness. Experience comes with time, but the other inadequacies must be remedied by direct action of an educational nature.

SUMMARY

All indications are that the renovation and repair industry is growing rapidly and will continue to do so in the foreseeable future. Forces behind this growth include the reality of an aging housing stock, rising energy costs, movement towards the core, rising prices of new housing, heritage and conserver attitudes, change in household structure, lifestyle perspectives and many demographic realities such as an "aging society". As the change in both quality and quantity of housing occurs, the housing industry will experience the pains of both expansion in some areas and contraction in others. As we have seen in the above review of some of the factors which affect the renovation and repair industry, there is a critical need to understand the interconnectedness of these forces.

Larger developer builders which characterized the housing industry of the past thirty-five years and were the efficient engines behind the production of much of the 4.5 million units produced in that period will find considerable difficulty adopting to the new housing production needs and demands of the 80's and 90's. In-fill housing, repair and renovation do not lend themselves nearly as well to the capabilities of the larger production entities. The consequent gearing down or phasing out of the large producers will result in some substantial adjustments affecting the industry and consumers. Shifts in capital and the need for labour to develop the enterprise skills on a smaller scale will pose considerable hardships during the transition period. Consumers of new units produced till now, were assured of a degree of quality through the application of zoning, planning, codes, warranties, financing and a highly skilled industry of professionals and

tradesmen. The qualified absence of this "quality assurance" in the repair and renovation industry has caused an increasing amount of dissatisfaction.

As we have seen above, the renovation and repair industry of the scale and nature that is developing is in some aspects in its adolescence. Not only will it necessitate new techniques within the industry itself but a re-education of the professionals who guide and determine the nature and structure of the industry. For example, creative financial mechanisms will be required to respond to a different development process as well as skilled mortgage appraisers knowledgeable in areas of older building technology and residential neighbourhood dynamics.

The public sector has and will determine to a considerable degree the extent of renovation and repair activity in Canada, and in so doing, will describe in many ways the nature and structure of the industry that develops. This is due primarily to the influence government action and/or inaction brings to bear on any economic activity. The public sector by legislation can encourage or discourage investment through incentives and demonstration activity. Senior levels of government have policy leverage to encourage and assist local authorities and overall, the public sector lays the basic ground rules for the renovation and repair activity. Government assistance programs, zoning regulations and building codes, education, training and research programs, taxes, mortgage and insurance legislation and consumer information and protection all are determined by the public sector.

Not only will the substantive aspects of policy and program development by the public sector require increased attention but so too will the

determination of the jurisdictional aspects. The resources, both financial and human, vary considerably from jurisdiction to jurisdiction and they may not vary commensurate with need and/or appropriateness.

How the renovation and repair industry develops over the next 20 years will have a definite bearing on the level of consumer satisfaction. In recent years, as the industry has been growing, a considerable number of those who made the switch from new construction to renovation experienced considerable difficulty. The losers were not only renovators but consumers as well. As one expert stated, renovation and new construction are two different ball games, and while the differences may be subtle, not knowing what they are can make for disaster (Toft). Failures in the industry have spelt financial loss for consumers. The "spotty", tailor-made, constantly-problem-solving, specialized field of renovation has resulted in cost overruns, inadequate workmanship and consequent growing complaints by consumers. In many instances as well, consumers themselves have failed to take precautionary measures (getting written contracts, checking the reputation of renovators and failure to consult with building officials).

We have before us with reference to home repair and renovation many unanswered questions that will require immediate, careful and extensive exploration if we are to achieve a degree of satisfaction at a level commensurate with that achieved in new home purchases. "It must be realized that the almost countless number of components that contribute to a consumer's housing satisfaction or status, both directly and indirectly, is an assemblage of physical, financial, legal and social elements of considerable complexity and variety and it would be a poor housing economist, builder, real estate agent or city planner (or policy maker) to imagine that housing is anything simpler" (Smith).

Consumer satisfaction will reflect not only the policy developed by the public sector but the industry, voluntary groups, the media and educational institutions will also have a role to play. Consumer policy manifests itself by education, information and protection among which there are extensive overlap and tradeoffs. From the perspective of the public sector and the industry, education and information appear to be accepted and growing as tools of consumer policy regarding home renovation and repair. Preventative education and information are seen as methods of promoting consumer self-reliance (Drea). More stringent market intervention and control such as mandatory licencing, warranties and regulations, although being extensively discussed, do not appear to have the same degree of support. Difficulties such as cost and effectiveness appear to be mitigating against their acceptance. "It used to be that the austere rule of caveat emptor defined the place of consumers. Many Western countries are now moving at supersonic speed in the opposite direction, toward caveat venditor, let the seller beware. Open markets with a high degree of consumer sovereignty (and satisfaction) thrive between the extremes" (Thorelli, Thorelli). Because of the number and complexity of the factors affecting the renovation and repair industry, the course between these extremes will require skillful navigation.

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APPENDIX I

Conference: "Building Towards 2001", sponsored by the Ontario Ministry of Municipal Affairs and Housing in co-operation with HUDAC Ontario Council, November 1-4, 1981, Toronto, Ontario.

Sessions taped - Audio Archives of Canada, 7449 Victoria Park Avenue, Markham, Ontario L3R 2Y7.

1. Planning for the renewal of existing housing stock

Panel Moderator: Gwyn Simmons
Co-chairman
Housing Programs Committee
Association of Municipalities of Ontario

- Ray Spaxman, director of planning, Vancouver
- Stephen McLaughlin, commissioner of planning and development, Toronto
- Bruce Davidson, commissioner of planning, North York
- Guy LeGault, director of preservation, City of Montreal

2. Housing renewal: financial issues

Panel Moderator: Joe O'Brien
executive vice-president
Insmor Mortgage Insurance Co.

- James Brooks, deputy chairman and chief executive officer, Kinross Mortgage Corporation
- Jack McCreadie, vice-president, mortgages, Sterling Trust
- Barry Lebow, mortgage broker and renovator in Toronto
- Gerry Greenberg, president, Creative Home Group, Mr. Greenberg is also the chairman of the Toronto Home Builders Association Renovation Council

3. Housing renewal: municipal issues

Panel Moderator: Bill McLean, co-chairman
Housing Program Committee for the Association of Municipalities of Ontario. Mr. McLean is mayor of the Town of Ajax.

- Melvin Winch, deputy planning commissioner, City of Saint John, New Brunswick
- Paul Harper, director of planning, City of Thunder Bay, Ontario
- Rubert Dobbin, director of planning and urban renewal, City of Kingston, Ontario
- Harold MacDonald, chairman, Winnipeg Housing Rehabilitation Corp.

4. Prospects for the renovation industry

Panel Moderator: Tom Cochrane
HUDAC Ontario Renovation Council

- David Weenan, Weenan General Contracting Ltd., Toronto
- Rob Kaufman, Mr. Renovator. Mr. Kaufman is the former chairman of the HUDAC Ontario Renovation Council
- A. H. Wilson, Division of Building Research, National Research Council
- Greg Lampert, vice-president, Frank Clayton Associates

5. A look at codes and regulations affecting Residential - Renovation

Panel Moderator: H. Y. Yoneyama
executive director, technical standards division
Ministry of Consumer & Commercial Relations

- Mr. Terry Mills, member, Toronto Home Builders Association Renovator's Council
- Mr. George Banz, architect-planner, member City of Toronto Committee of Adjustment
- Mr. Frank Burcher, Ministry of Municipal Affairs & Housing
- Mr. Roy Philippe, Ontario Fire Marshal's Office

APPENDIX II

HOUSING RENOVATION & ENERGY
CONSERVATION UNIT
MINISTRY OF MUNICIPAL AFFAIRS & HOUSING
OCTOBER 1981

Draft for Discussion Purposes Only

A Glossary of Terms

Renewal - An umbrella term for the redevelopment of areas, including the renovation, restoration or rehabilitation of buildings

Redevelopment - The replanning, redesign, clearance, reconstruction and renovation of urban areas

Renovation - An umbrella term for the replanning and improvement of existing buildings, beyond rehabilitation, and which may include a change in capacity or occupancy

Addition - Add to existing, as new construction:
- (Horizontal) - requiring the use of additional land
- (Vertical) - not requiring the use of additional land, e.g., additional storey(s)
- Enclosing and/or finishing existing open structures

Alteration - Rearrangement of layout of interior spaces to accommodate changing needs

Conversion - Changing the number of dwelling units within a residential or mixed use structure, or, creating a number of new dwelling units within a non-residential or mixed use structure

Energy Conservation - The planned management of energy resources by the introduction and implementation of saving methods and materials in buildings, in order to minimize heat loss and reduce energy consumption

Thermofit - To install energy savings materials and devices in existing buildings in order to minimize heat loss and reduce energy consumption

Retrofit - Definition (Websters):

"To furnish (as in aircraft) with new parts or equipment not available at the time of manufacture".

- Colloquially used to define:

(A) The updating of the components of an existing building to meet new code requirements for life safety (i.e., fire and structure)

AND/OR

(B) The thermofitting of an existing building

Recycle - Reuse and adapt existing buildings, materials or components for a similar or new purpose

Rehabilitation - Improving an existing building to minimum municipal property standards without changing use

Remodelling	- Replacing or upgrading of interior components of a building (e.g., bath and kitchen fixtures)
Refurbishing	- To upgrade a building or parts of a building with newer finish materials, furnishings, fixtures or equipment
Demolition	- Dismantling or tearing down of part(s) or all of a building
Whitepainting	- Historically used to denote cosmetic changes to a building to improve its appearance - The current colloquial use denotes the resettlement and renovation of existing deteriorated urban areas
Restoration	- To put back into a certain period the form and detail of a building of historical or architectural value or interest by replicating original work in the structure
Reconstruction	- To reproduce by new construction the exact form and details of all or part of existing or vanished structures as they existed at a specific period of time; may occur at the original site or at a new site
Stabilization	- The temporary protection of existing buildings including the supporting, shoring up and consolidating of the structural elements
Preservation	- To maintain in sound condition in order to arrest deterioration - Retention of components of historical or architectural value or interest

Conservation	-	Planned management of a resource by the implementation of saving methods to prevent its wasteful use
Repair	-	Replacing or correcting broken, damaged or faulty elements of a building
Maintenance	-	Ongoing action of keeping components in good working order

APPENDIX III

REPORT ON THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM - 1981

SUMMARY OF RECOMMENDATIONS

OBJECTIVES

Recommendation 1

That the RRAP program operate in support of the following central objectives:

a) To assist in the repair and improvement of existing substandard housing to an agreed level of health and safety and to promote its subsequent maintenance.

b) To ensure that adequate assistance extends to those experiencing economic hardship and/or special needs.

A CONTEXT FOR RRAP - NEIGHBOURHOOD REVITALIZATION

Recommendation 2

That a Federal neighbourhood revitalization program be established to provide a supportive context for housing rehabilitation.

PROGRAM IMPROVEMENTS - EXISTING COMPONENTS

Recommendation 3

That there be modifications to the basic program components, with the following specific changes:

For Homeowners
- forgiveness levels adjusted to reflect inflation
- qualifying incomes (changes in place June 1980)
- income adjustments (a sliding scale of $1,000 for the first child, $750 for the second and $500 for each additional child)
- income definition re-examined
- loan maximums increased to $25,000

For Landlords
- forgiveness levels adjusted to reflect inflation
- period for earning forgiveness reduced to five years
- need for rental agreements evaluated

and that there be annual reviews thereafter.

PROGRAM IMPROVEMENTS - NEW COMPONENTS

Recommendation 4

That new features be incorporated into the RRAP program to better meet the stated objectives.

4.1 That an interest reduction grant for homeowners allowing an interest rate "write-down" geared to incomes be introduced. It is recommended that a rate of 8% apply to Adjusted Annual Family Incomes of $16,500 reducing for incomes below this and increasing to the current 34.1 rate for AAFI's at $25,000.

4.2 That a subsidized interest rate on borrowed funds be introduced to encourage landlord and lender participation in RRAP(P).

4.3 That RRAP be available for modifications to accommodate the disabled regardless of the location or state of repair of the dwelling.

4.4 That RRAP be available for conversions that increase the number of units or allow creation of new residential units in a non-residential structure.

4.5 That additions and alterations be permitted that allow optimization of existing living space.

4.6 That partial loans and/or second loans be available in cases of economic hardship.

4.7 That a broader range of energy conservation measures be incorporated within the RRAP standards.

PROGRAM DELIVERY

Recommendation 5

5.1 That the delivery agent be responsible for the identification of eligible work as per CMHC RRAP standards.

5.2 RRAP Forms

5.2.1 That the RRAP forms be modified to combine the preliminary and final loan applications for homeowners and landlords
and that the specification form CMHC 1855 be redesigned to better accommodate the detailed work write-up and contractor bidding requirements.

5.2.2 That the revisions specified in Appendix III be examined as part of a comprehensive review of RRAP document and procedural requirements.

5.3 Procedures and administrative requirements

5.3.1 That the current procedures and turn around times for loan processing and loan advancing be reviewed by CMHC offices and delivery agents in order to establish an appropriate local standard.

5.3.2 That security requirements be modified to allow the acceptance of a promissory note for loan amounts up to and including $10,000.

5.3.3 That the date the applicant signs the final application be established as the effective date in setting the interest rate.

5.4 That the impact of RRAP funds be maximized through the integration of federal, provincial and municipal programs complementary to RRAP
and that where integration has taken place, steps be taken to maintain a simplified delivery process.

5.5 That additional assistance be given by CMHC to assist rural areas or small communities with training, promotion and delivery problems.

5.6 That an annual review of agency fees be conducted by CMHC in order to maintain their relevance to the actual cost of RRAP services provided by the agent.

TRAINING

Recommendation 6

6.1 That CMHC define and promote a basic level of training and that the certification of inspectors acting in a RRAP delivery capacity be formally pursued with provincial governments.

6.2 That a training program for RRAP administrators be developed for CMHC and local delivery personnel.

6.3 That there be ongoing workshops/seminars to act as a forum and an interface to provide program information, training in program changes and to promote consistency of delivery.

REHABILITATION DELIVERY STRATEGY

Recommendation 7

That the use of RRAP within specific budget levels be determined by the municipality on the basis of an identified allocation strategy.

PROPERTY MAINTENANCE

Recommendation 8

That municipalities be urged to take a more active role in maintenance and occupancy by-law enforcement.

CONSULTATION MECHANISM

Recommendation 9

That an ongoing mechanism for consultation between CMHC and delivery agencies be developed with special emphasis on policy development and program change.

APPENDIX IV

"ONTARIO POSITION PAPER: CAHRO/CMHC TASK FORCE ON RRAP"[1]

This summary provides an outline of the problems with the federal Residential Rehabilitation Assistance Program as prepared by the Ontario segment of the RRAP Task Force. Task Force Recommendations follow the summary of each problem:

1. The original intent of RRAP was to provide necessary assistance to low- and moderate-income families; however rising interest rates and construction costs have caused a shift away from this intent.

The program must be redirected to satisfy its original intent. Interest reduction grants on repayable RRAP loans are needed in order to assist RRAP's target households. A system of adjusting interest rates according to income, similar to the Ontario Home Renewal Program is recommended.

2. The mood and role of CMHC in relation to its agencies has changed. CMHC has adopted a unilateral decision-making process in support of bureaucracy and is no longer working in co-operation with the municipal delivery agents. It has become dictorial in terms of interpretation without regard to the impact in terms of delivery and the effect on consumers. Many municipalities have developed a negative approach toward RRAP and have lost both their enthusiasm and sense of purpose in the delivery of the program.

The Task Force recommends that both CMHC and the municipalities return to the original thrust and reflect this through negotiated agent agreements and improved working relationships.

3. In terms of the application of standards, municipalities established standards by-laws to be enforced with the RRAP program which were accepted

by CMHC. Now the national government insists on establishing a universal RRAP standard which will take precedent in terms of the work that they are prepared to fund, leaving the municipalities in some cases with three and possibly four sets of by-laws covering the same residential units.

The recommendation is that RRAP funding guidlines be abandoned and that all municipalities be allowed to establish standards by-laws acceptable to CMHC. The funding guidelines should be restricted to centres where by-laws do not exist, but at the same time should be accepted by their local councils.

4. There is a need to include conversions in the rehabilitation program in order to bring on to the market more residential housing units for family occupancy.

5. With regard to program promotion, municipalities in Ontario have found that in rural areas, the insertion of a newsletter into the home-owners' mailboxes brings a far better response than a formal ten-page colour brochure made available from local authority offices. In larger industrial/urban sectors it was found that the response from newsletters and public advertisements is much greater than the circulation of a noted multi-coloured brochure.

The Task Force recommends that CMHC provide a percentage of municipal allocation for local promotion costs. These funds should not come from the rehabilitation budget per se.

6. Many grievances have arisen in terms of training. Administrative staff and inspectors request more frequent and informative workshops. There is a real need for specialized training, especially in such areas as client counselling and credit analyzing. Changes are frequently being made to programs without the delivery agent's knowledge. Furthermore sudden changes in programs disrupt the entire working process.

Thus the following recommendations are made: first, that all proposed changes be held in the off-peak months at a time that will enable changes to be rolled into work programming for the upcoming year and second, that items such as client counselling and credit analyzing are incorporated into the training sessions. In addition, CMHC should develop training programs for administrators at the municipal level.

7. Municipalities in Ontario are experiencing problems in obtaining qualified contractors to undertake work under the RRAP program. The reason for this lack of response from the construction industry is first, that contractors are not aware of the RRAP program; and second, that contractors are fearful of government red tape, because they are not familiar with the necessary procedures and required forms for undertaking involvement.

The Task Force recommends that information sessions be held with representatives of HUDAC at the local level and with municipal officials to inform them of the RRAP program and its inner workings. Training sessions on the technical aspects of the rehabilitation industry should also be offered to those homeowners and tradesmen that do participate.

8. The existing agency fees do not relate to the increase in costs being experienced by municipalities or agents in terms of delivering the program. With limited money supply it makes it difficult to justify the retention of staff at the municipal level to effectively deliver government programs. Although the present formula for payment seems to be acceptable, the dollar amounts are not.

It is recommended that the agency fees be adjusted annually to reflect inflationary costs being experienced throughout the country.

9. RRAP program documents are stored at the municipal offices. These documents contain a wealth of information that could be shared and utilized by other interested agents.

10. Municipal administrative agents are presently dealing with three federal programs - RRAP, CHIP, and OFF OK programs.

In terms of programming it is recommended that the federal government seriously consider the combining of such programs to allow not only for the extended useful life of the building but also for the implementation of comprehensive conservation program as a joint program.

1. "Ontario Position Paper: CAHRO/CMHC Task Force on RRAP", Impact. Vol. 4. No. 2, March/April, 1981, p.26.

APPENDIX V

Better Business Bureau (BBB)

The 1979 National Summary of the Top Ten Inquiry and Complaint Areas are present in Table 1. Included in this list and ranked according to the number of inquiries and the percentage of total inquiries were Home Improvement and Contracting (36,935; 5.8%), Home Insulation (36,930; 5.8%), Paving (13,692; 2.2%) and Roofing (12,874; 2.1%). Home repair related inquiries made up 16% of the total inquiries received at the Bureau. Reported in the Top Ten Complaint Areas were Home Improvement and Contractors (1,088; 4.2%) and Paving (524; 2.0%). Home repair activity accounted for 6.2% of the total complaints received at the Bureau. In order to examine any changes in the magnitude of the complaints and inquiries in the home repair and renovation activity, the National Summaries for 1980 are presented. Due to changes made in the recording format (July, 1980), two Semi-Annual Summaries are presented. It is very difficult to compare the statistics over the two years but more meaningful is the increase in the $ of home repair and renovation activity included in the inquiry and complaint areas. For January-June 1980, home repair and renovation activity made up 19.4% of the total inquiries and 5.1% of the total complaints received by the bureau. During the remaining months, July to December 1980, home repair and renovation activity make up 19.46% of the total inquiries and 5.7% of the complaints received by the Better Business Bureau.

Table 1

Top Ten Inquiry/Complaint Areas

1979 Annual National Statistics of the Better Business Bureau

A. INQUIRIES

	Business Category	Number of Inquiries	Per Cent of all Inquiries
1.	Home Improvement & Contractors	36,935	5.8%
2.	Home Insulation	36,930	5.8%
3.	Auto Repair	22,494	3.6%
4.	Mail Order	19,536	3.1%
5.	Personal Services	16,350	2.6%
6.	Paving	13,692	2.2%
7.	Roofing	12,874	2.1%
8.	Solicitations	12,518	2.0%
9.	Moving	12,053	1.9%
10.	Education	10,895	1.7%

B. COMPLAINTS

	Business Category	Number of Complaints	Per Cent of all Complaints
1.	Mail Order	2,553	9.9%
2.	Auto Repair	2,126	8.2%
3.	Contractors & Home Improvement	1,088	4.2%
4.	Magazines	981	3.8%
5.	Dry Cleaning	865	3.3%
6.	Apparel	831	3.2%
7.	Furniture	827	3.2%
8.	Personal Services	820	3.1%
9.	Paving	524	2.0%
10.	T.V. Service	508	1.9%

Table 2-1

Top Ten Inquiry/Complaint Areas

January-June 1980 Annual National Statistics of the Better Business Bureau

Inquiries		Percentage of all Inquiries
1. Contractors & Home Improvement	21,891	6.5%
2. Home Insulation	18,825	5.6%
3. Auto Repair	13,356	3.9%
4. Mail Order	12,197	3.6%
5. Personal Service	11,916	3.5%
6. Work at Home	10,337	3.0%
7. Roofing	8,369	2.5%
8. Paving	8,055	2.4%
9. Home Maintenance	7,978	2.4%
10. Travel	7,367	2.2%

Complaints		Percentage of all Complaints
1. Mail Order	1,656	14.4%
2. Auto Repair	1,113	9.7%
3. Magazines	606	5.3%
4. Dry Cleaning/Laundry	595	5.2%
5. Contractors and Home Improvement	581	5.1%
6. Furniture	397	3.5%
7. Personal Service	378	3.3%
8. Apparel	337	2.9%
9. TV/Radio Service	289	2.5%
10. Home Accessories	249	2.2%

Table 2-2

Top Ten Inquiry/Complaint Areas

July-December 1980 Annual National Statistics of the Better Business Bureau

Inquiries		Percentage of all Inquiries
1. Insulation Contractors	18,804	6.60%
2. Other Home Remod./Maint./ Const. Co.'s	16,639	5.84%
3. Other Service Estab.	10,591	3.72%
4. Roofing Contractors	10,187	3.57%
5. Repair Shops - Auto	8,196	2.87%
6. Mail Order Co.'s	6,579	2.31%
7. Siding Contractors	5,042	1.77%
8. Moving/Storage Co.'s	4,870	1.71%
9. Heating and Central Air Conditioning Co.'s	4,788	1.68%
10. Home Furnishing Stores	4,563	1.60%

Complaints		Percentage of all Complaints
1. Mail Order Co.'s	1,400	11.09%
2. Repair Shops - Auto	604	4.78%
3. Other Service Estab.	434	3.44%
4. Dry Cleaning/Laundry Companies	421	3.34%
5. Other Home Remod./Maint./ Const. Co.'s	386	3.06%
6. Magazines, Ordered by Mail	335	2.65%
7. Home Furnishing Stores	333	2.64%
8. Paving Contractors	256	2.03%
9. Apparel and Accessory Shops	233	1.85%
10. Travel Agencies	223	1.77%

APPENDIX VI

The recently completed task force conducted jointly by Canada Mortgage and Housing Corporation and the Canadian Association of Housing and Renewal Officials expressed its concern regarding the inconsistency in training of inspectors, administrators and others involved in the renovation and repair process. The following four recommendations reflect this concern.

REPORT ON THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM, 1981

RECOMMENDATION 5.5

THAT ADDITIONAL ASSISTANCE BE GIVEN BY CMHC TO ASSIST RURAL AREAS AND SMALL COMMUNITIES WITH TRAINING, PROMOTION AND DELIVERY PROBLEMS.

RECOMMENDATION 6.1

THAT CMHC DEFINE AND PROMOTE A BASIC LEVEL OF TRAINING AND THAT THE CERTIFICATION OF PROPERTY STANDARDS OFFICERS BE FORMALLY PURSUED WITH PROVINCIAL GOVERNMENTS.

RECOMMENDATION 6.2

THAT A TRAINING PROGRAM FOR RRAP ADMINISTRATORS BE DEVELOPED FOR CMHC AND LOCAL DELIVERY PERSONNEL.

RECOMMENDATION 6.3

THAT THERE BE ONGOING WORKSHOPS/SEMINARS TO ACT AS A FORUM AND INTERFACE TO PROVIDE PROGRAM INFORMATION, PROGRAM CHANGE, TRAINING AND TO PROMOTE CONSISTENCY OF DELIVERY.